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If, as appears to be the case in Agua Fria/Sun City West, the separate districts are contiguous or even overlap, there might be some rationale for merging both the infrastructure and the rates. Absent interchangeability of water between the two 'districts' through interconnecting infrastructure, there remains no legitimate rationale for integrating (consolidating) the utility rate charges to water rate payers.

Costs Versus Benefits:

If we were to accept the idea of a single rate structure (Costs recovered) for eight disparate and mostly geographically dispersed districts, then all consumers in all districts should have exactly the same services and credits. For example, if any of the existing districts have programs to encourage conservation such as xeriscape conversion credits, then all customers in all districts should have that credit. Such benefits must be factored into the rate calculations for any newly-consolidated rate structure.

Due Diligence:

If the water company were to consider purchasing another private company for addition to its portfolio, they would certainly perform 'due diligence.' This would minimally include extensive investigation of the quality and durability of the water sources, the age and quality of the purification plant, the age and quality of the distribution infrastructure, quality and experience of staff in the company to be acquired. Has the ACC demonstrated and fulfilled its obligation to the rate payers to conduct thorough due diligence?

De facto District Merger:

As was stated in a recent article in the Arizona Republic (May 10, 2010 Input Sought . . .") According to Joni J. McGlothlin, external affairs manager for Arizona American Water Co., "We have urged our customers to look not at the immediate effects but at the long-term benefits of spreading out infrastructure costs across all districts." The comingling of the costs (past, present and future) amounts to de facto merger of the districts. This has the appearance of surreptitious merger of the districts and not just a consolidation of the rates. Unless, the ACC requires separate record-keeping for all assets according to the district structure immediately prior to the rate consolidation, the potential for any future re-segregation into several separate will become a near impossibility.

A skeptic or someone prone to conspiracy theories would say this looks like an effort to forever preclude the conversion of a district to a municipally-owned and operated utility. The 'new' district would be dispersed and bringing the consumers together would be a virtual impossibility. But, this is pure speculation.

Summary:

In summary, the request for rate consolidation should be denied. Staff of the ACC has provided three alternatives. Of these, the only one worthy of any discussion is Sun City and Sun City West (why not Agua Fria?). Even this is suspect: Although these districts share some common boundaries, any inter-district treatment and distribution of water is highly unlikely without major enhancements to the infrastructure which would simply increase costs - and rates - further. Even then, the purification plants are unlikely to have the capacity to provide backup capacity to one another. It must be noted that staff apparently accepted prima facie that some consolidation was reasonable because they did not suggest, "No Consolidation."